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ANNUAL REPORT TO STOCKHOLDERS



1928

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THE COCA-COLA COMPANY
ATLANTA, GA.

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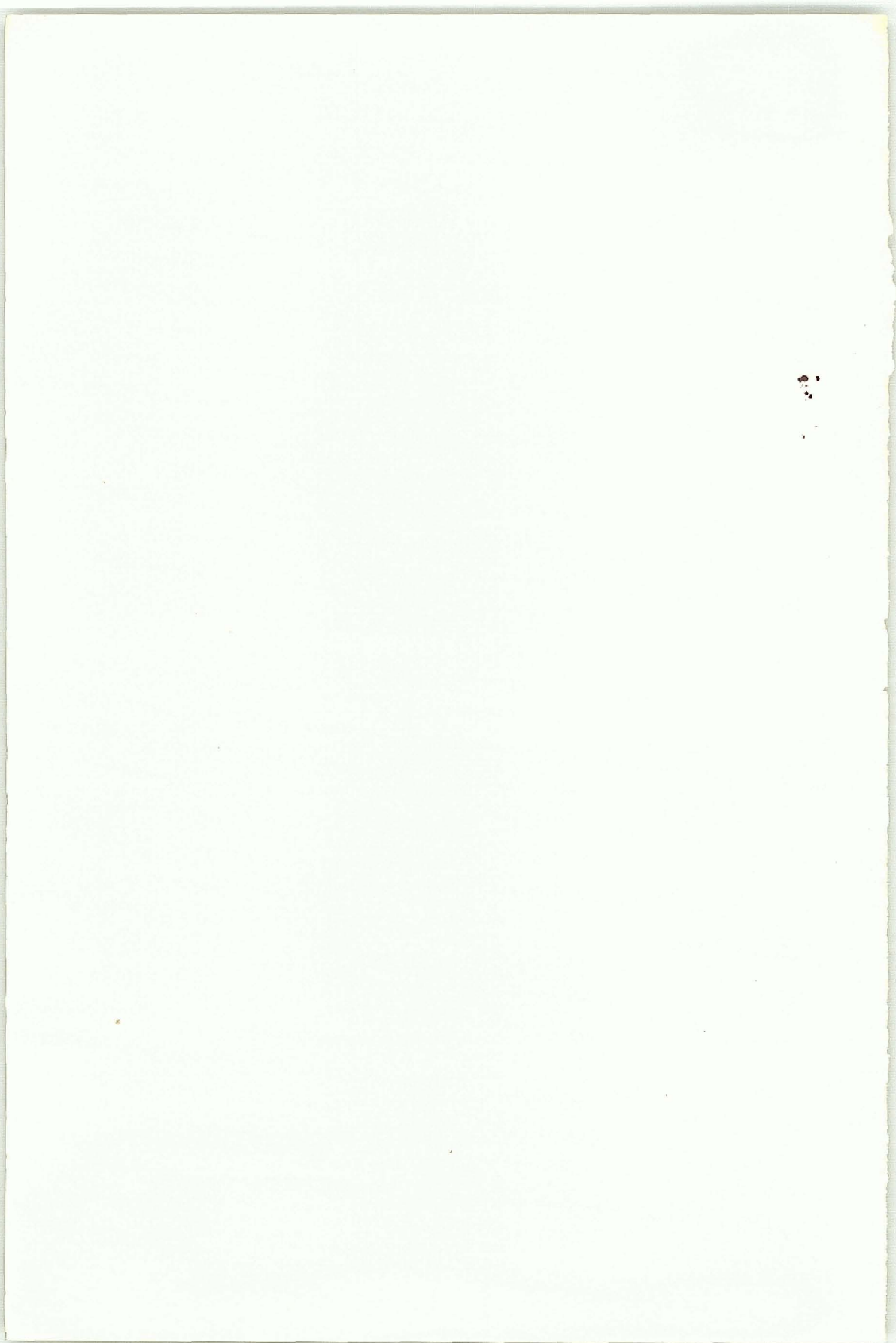
500 FIFTH AVENUE, NEW YORK

The
COCA-COLA COMPANY
AND SUBSIDIARIES
ATLANTA, GA.

ANNUAL REPORT
TO THE
STOCKHOLDERS
FOR THE YEAR 1928

February 5th, 1929

PRINTED IN U. S. A.



THE COCA-COLA COMPANY
ATLANTA, GA.

TO THE STOCKHOLDERS OF
THE COCA-COLA COMPANY:

Very naturally the increase in volume of sales and net profits is the outstanding point of interest in the accompanying financial statement of The Coca-Cola Company and its subsidiaries for the year ending December 31, 1928, and yet it is felt that there are a number of facts contained in this statement which have equally as great significance when considered in relation to the Company's future operation.

The year 1928 marks the sixth consecutive year in which the sales volume has shown an increase over the previous year and the fourth consecutive year in which it has broken all records in the history of the Company. Likewise, it marks the fifth consecutive year in which the net profits have shown a consistent increase and the fourth consecutive year in which they have broken previous profit records. Going back a few years, we find the gallonage in 1923 at 17,300,275 and net profits standing at \$4,529,108.93, while in 1928 the gallonage totaled 24,212,519, and the net profits reached \$10,189,120.71. This represents an increase of 40% in sales and 125% in profits compared with 1923.

Making the same comparison of the last two years, we find 1928 profits showing 11% increase over 1927, while sales volume showed 6% over the previous year. These increases appear even more substantial upon comparing the Company's performance with the record of general business rather than when comparing it with its own record.

Even a casual perusal of the best analyses of business factors such as the computations of the New York Federal Reserve Bank, show clearly that, while business activity for 1928 was slightly in excess of that of 1927, it fell below a 3% increase, which is less than the normal average for the past fifty years.

Contrary to a generally prevalent belief, our experience in marketing Coca-Cola indicates that climatic, geographical, and racial factors exercise relatively small influence upon our sales over a reasonable period of time. Methods of production and volume of merchandising effort seem to be the dominating influences upon sales, whether we are considering Western Europe, Latin America, or the domestic market. For instance, the largest bottling plant in the world serving one city is in New Orleans, Louisiana, with sales in 1928 of 50,956,416 bottles of Coca-Cola—the second largest is in Montreal, Canada, with sales in 1928 of 39,131,496 bottles of Coca-Cola.

PAY 3-32 OTIS HG

There are certain general developments of the last five years which bear rather vitally upon our future operations. It has been possible to establish a very reliable production control, and coincident with this we have benefited by a number of economies. Likewise, the distribution system has been further perfected, resulting in substantial savings. During this period we have had the advantage of reasonably favorable raw material markets. More important than any of these has been the creation of a sound basis on which to build an effective selling organization and the formulation of a definite advertising policy.

An important step in the strengthening of our field merchandising effort was taken early in the year by abolishing the field sales force and substituting therefor a staff of trained service men. This move contemplates the perfecting of the service of our product by the retail dealer and the further influencing of the dealer to place a more definite selling effort behind our product.

During the past five years the various media of advertising have increased in cost, and the total volume of advertising in the United States, competing for public attention, has more than doubled. We have increased our total expenditures in advertising 31%.

By means of the above factors, coupled with annual increases in sales, we have so far been enabled to show through the last five years a constantly decreasing operating cost per unit, so that 1928 appears more than 19% below the level of 1923.

In looking forward it is felt that we cannot expect economies in production and distribution, advantages from material markets, and a continuation of low advertising costs, to contribute as greatly to our per unit profit as has been true in the past. In addition, there is a most determined effort before Congress to increase the sugar tariff rate to a point which, if it becomes effective, will adversely affect the earnings of this Company on the present volume of business more than \$1,000,000.00 annually.

It will be necessary to seek even more substantial increases in our volume of business in order that we may maintain the past rate of profit per unit.

With this end in view, we have been gradually, but consistently, intensifying our sales and advertising efforts and will add rather definitely to these activities during 1929.

With a view to this same end, we have acquired, through our domestic subsidiaries, and licensed, through our Foreign Department, bottling plants located at strategic points in this country and in 27 foreign countries. (The product is marketed in 76 countries. See page 13.) The domestic plants acquired are ones located in territory which heretofore has received insufficient promotional effort and the foreign plants, in the majority of instances, cover territories where Coca-Cola has not received the opportunity for development which it deserves. These undertakings should have an increasingly important effect in the Company's business.

The opening of foreign markets is a costly undertaking and during the early years of development promises to parallel our domestic experiences with regard to the protection of our trade-mark and the development of consumer acceptance, with the manifold problems involved. Successful prosecution of these undertakings will require time, courage and patience, as well as large expenditures. Our experiences in Canada, where we operated for a number of years with annual losses, bear out this view. However, during the last few years our operations in the Dominion have resulted in satisfactory profits, and this year in a very substantial return.

It is felt, in general, that the operation of our subsidiaries shows progress through the year, and warrants a legitimate satisfaction, provided there is in it neither complacency nor impatience. This condition is shown by the charts on page 12.

The action of the stockholders in declaring a stock dividend, in the form of Class "A" stock (callable at \$52.50 per share and carrying a preferential cumulative dividend of \$3.00 per share per annum) furnishes an opportunity for the small investor which cannot help but improve the stability and investment characteristics of our security structure.

The Company's position has been greatly strengthened during the last five years by the setting aside a reserve for contingencies of approximately \$5,000,000.00. I believe that a continuation of this policy is sound. During the same period of time the physical assets of the Company have increased from a figure representing 38% of the total assets to 56%. The Company's position is further emphasized by the ratio of current assets to current liabilities which stands at more than 23 to 1. Our cash position is reflected in cash on deposit, placed on call, and Government securities, amounting to \$15,044,548.33.

In conclusion, it is interesting to note the fact that during the last five years the beverage industry, as a whole, has become more stabilized upon a sounder business basis; has more nearly perfected its production problems; and has gained a better appreciation of modern merchandising methods. This wholesome development enabled the industry to show a fairly favorable result for 1928, despite disadvantageous conditions. Coca-Cola has been, and is, the leader in this progress.

Respectfully submitted,

R. W. WOODRUFF,

President.

CONSOLIDATED CONDENSED BALANCE SHEET

The Coca-Cola Company, Atlanta, Georgia,
and its Subsidiaries

December 31, 1928

ASSETS

CURRENT:

Cash on Deposit and Placed on Call.....	\$ 6,436,154.00	
Government Securities—At Cost	8,608,394.33	
Notes Receivable	38,777.37	
Accounts Receivable	1,461,548.82	
Inventory—Merchandise on Hand, (Priced at Lower of Cost or Market).....	\$ 3,606,517.90	\$20,151,392.42

OTHER ASSETS:

Sundry Notes and Accounts Receivable	275,958.91
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PERMANENT:

Land	987,337.39	
Buildings	\$ 4,056,602.29	
Machinery and Equipment.....	2,708,538.51	
Bottles and Cases	504,270.96	
	<u>7,269,411.76</u>	
Less: Allowance for Depreciation	2,372,946.79	4,896,464.97
		<u>5,883,802.36</u>

FORMULAE, TRADE-MARK AND GOODWILL.....	20,823,385.62
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DEFERRED CHARGES:

Unexpired Insurance and Prepaid Expenses.....	50,384.47
	<u>\$47,184,923.78</u>

LIABILITIES

CURRENT:

Accounts Payable	\$ 849,811.38	
Accrued Accounts	5,146.85	854,958.23

RESERVES:

For Current Income Taxes	\$ 1,618,961.67	
For Contingencies and Miscellaneous Operations	5,315,807.45	6,934,769.12

NOMINAL

CAPITAL STOCK:

Common—1,000,000 Shares—No Par Value.....	\$25,000,000.00	
PROFIT AND LOSS—SURPLUS	14,395,196.43	39,395,196.43
		<u>\$47,184,923.78</u>

CONSOLIDATED STATEMENT OF OPERATIONS

The Coca-Cola Company, Atlanta, Georgia,
and its Subsidiaries

Year Ended December 31, 1928.

SALES	\$34,745,758.44
Less: Cost of goods sold, including freight on sales and allowances	13,948,981.54
GROSS OPERATING PROFIT	\$20,796,776.90
Expenses—Selling, Branch, Administrative and General	6,925,218.11
NET OPERATING PROFIT	\$13,871,558.79
Other Deductions—Net—Including Contingent and Miscellaneous Operating Reserves	2,082,438.08
NET PROFIT BEFORE INCOME TAXES	\$11,789,120.71
Reserve for Income Taxes	1,600,000.00
NET PROFIT	\$10,189,120.71

PROFIT AND LOSS—SURPLUS ACCOUNT

BALANCE—December 31, 1927	\$ 9,956,075.72
Net Profits from Operations for Year ended December 31, 1928	\$10,189,120.71

Deduction for Dividends:

Paid in Cash:

March 29, 1928	\$ 1,250,000.00		
June 28, 1928	1,500,000.00		
September 28, 1928	1,500,000.00		
December 29, 1928	1,500,000.00	5,750,000.00	4,439,120.71

BALANCE—DECEMBER 31, 1928	\$14,395,196.43
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(NOTE)

On December 8, 1928, a Stock dividend of 1,000,000 shares of Class "A" stock was declared payable to stockholders of record as at January 15, 1929.

ERNST & ERNST
AUDITS AND SYSTEMS
TAX SERVICE

Atlanta, January 31, 1929.

We Hereby Certify,

That we have audited the books of account and record of THE COCA-COLA COMPANY, Atlanta, Georgia, and its subsidiaries, as at December 31, 1928, and that, based upon our examination and information obtained, it is our opinion that the annexed Consolidated Condensed Balance Sheet is drawn so as to correctly reflect the financial condition of the Companies at the date named, and that the relative Consolidated Statements of Operations, and Profit and Loss-Surplus are correct.

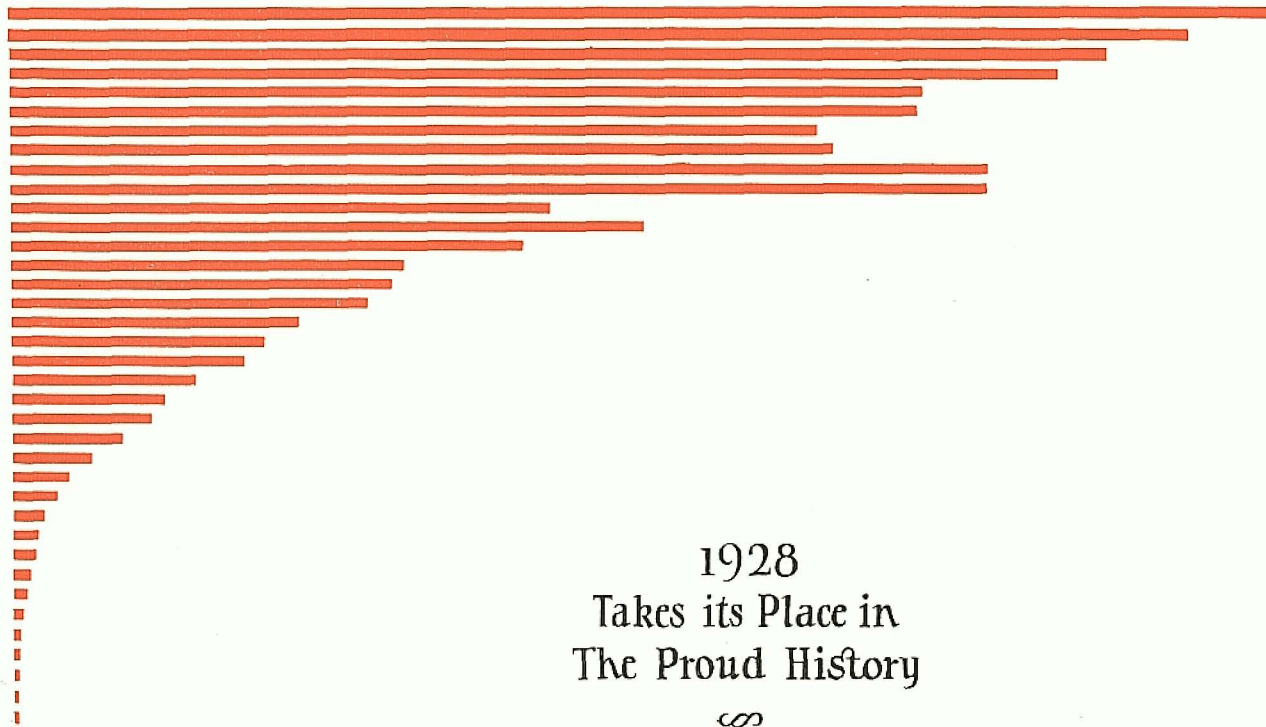
(Signed) ERNST & ERNST,
Public Accountants
and Auditors.



Some of the
1928 Coca-Cola
Posters

YEAR	GALLONS
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1928	24,212, 519
1927	22,817, 265
1926	21,158, 450
1925	20,111, 134
1924	17,496, 784
1923	17,300, 275
1922	15,437, 612
1921	15,837, 499
1920	18,656, 445
1919	18,730, 167
1918	10,314, 727
1917	12,109, 420
1916	9,715, 092
1915	7,521, 833
1914	7,231, 562
1913	6,767, 822
1912	5,504, 956
1911	4,815, 677
1910	4,190, 149
1909	3,486, 626
1908	2,877, 732
1907	2,558, 782
1906	2,107, 661
1905	1,549, 886
1904	1,133, 788
1903	881, 423
1902	677, 515
1901	468, 411
1900	370, 877
1899	281, 055
1898	214, 008
1897	163, 297
1896	117, 636
1895	76, 244
1894	64, 333
1893	48, 427
1892	35, 360
1891	19, 831
1890	8, 855
1889	2, 171
1888	1, 933
1887	1, 049
1886	25

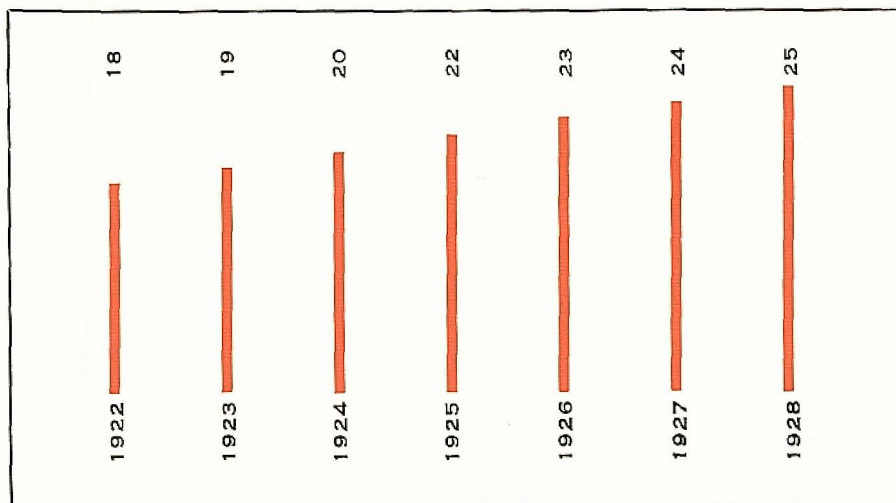


1928
Takes its Place in
The Proud History

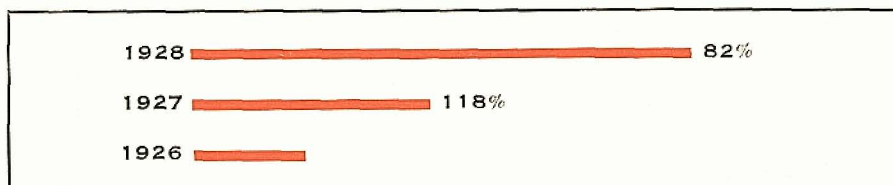


Per Capita Consumption (U. S.)

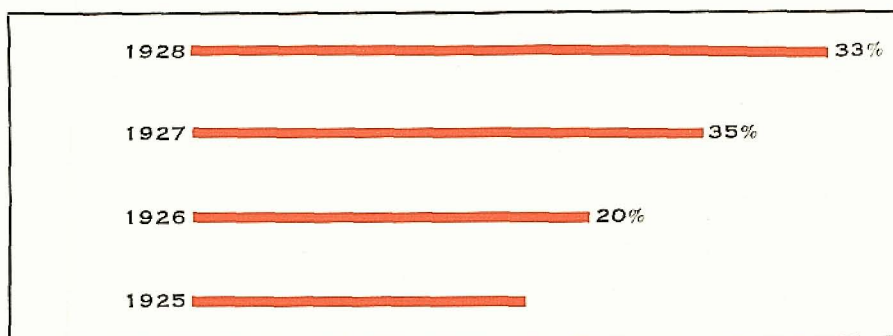
(Bottles and Glasses of Coca-Cola Consumed Annually per Person)



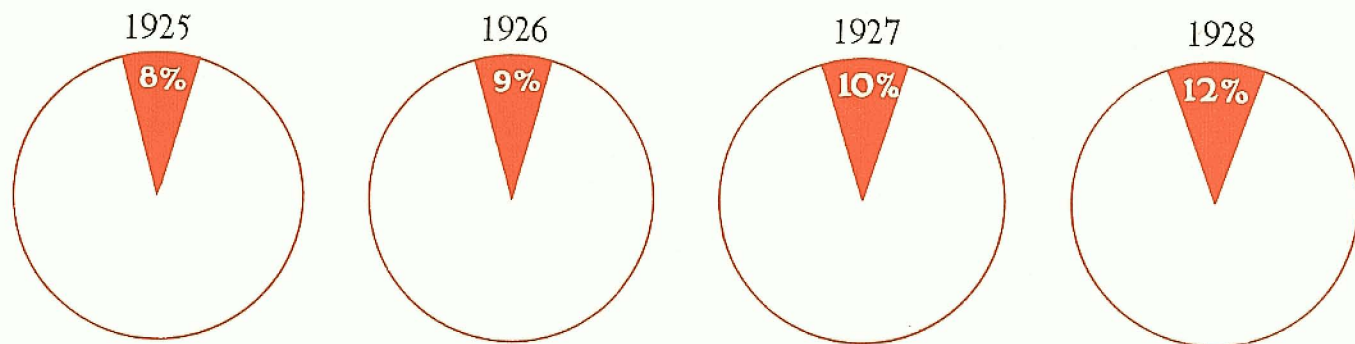
Per Cent. Export Growth in Sales



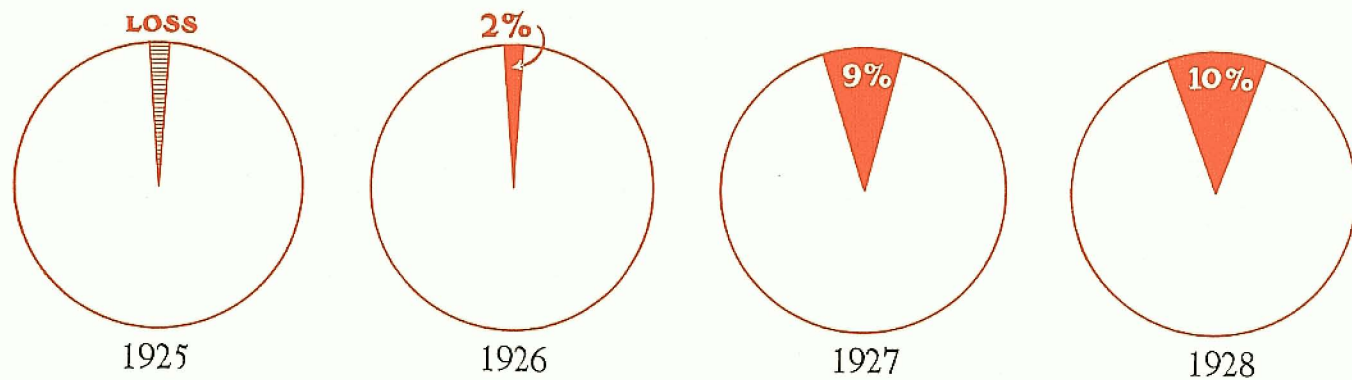
Per Cent. Canadian Growth in Sales



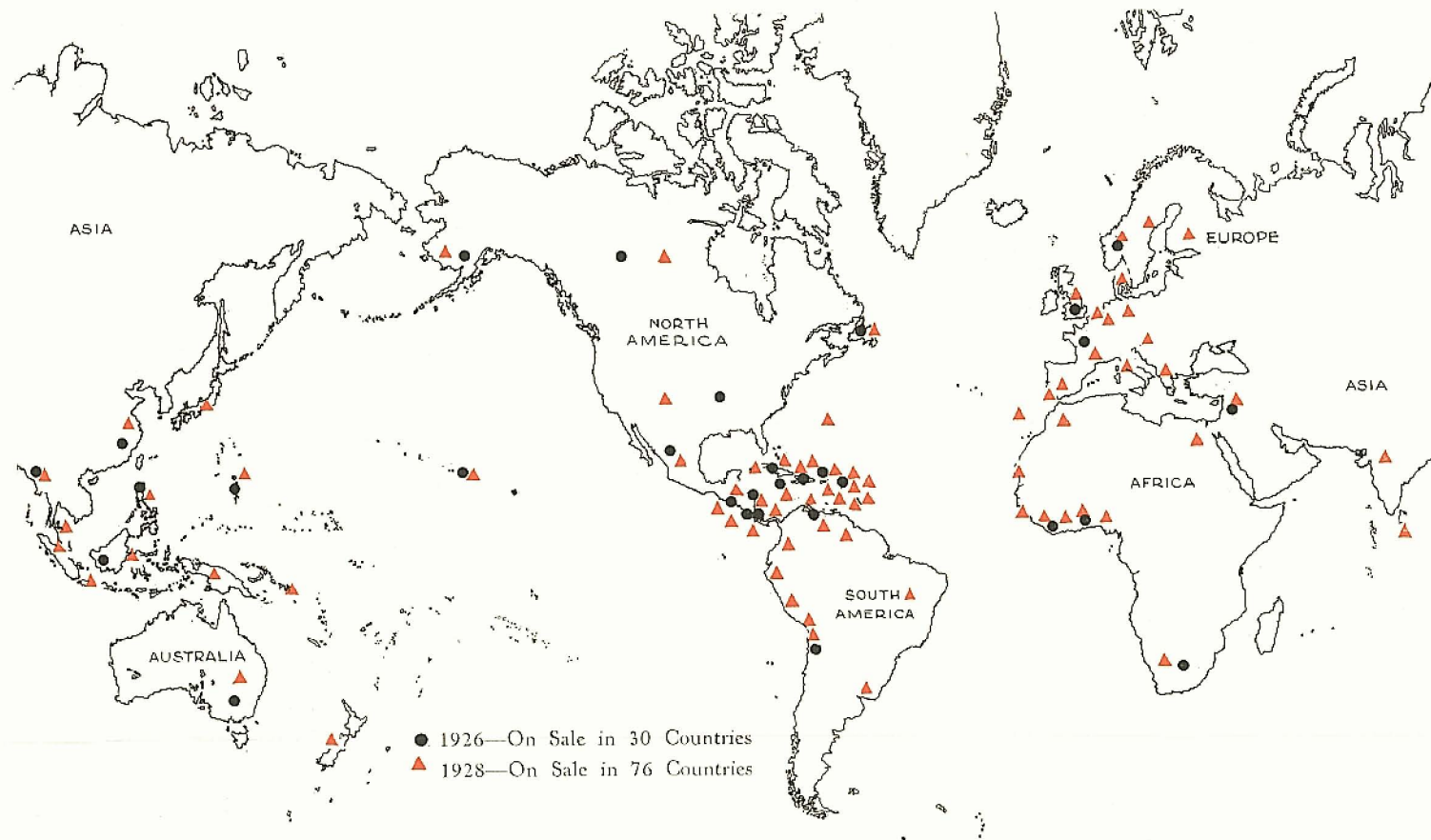
Relation of Subsidiary Sales to Total Sales



Relation of Subsidiary Profits to Total Profits



The World-Wide Distribution of Coca-Cola



Coca-Cola's Distribution System in the United States, Canada and Cuba

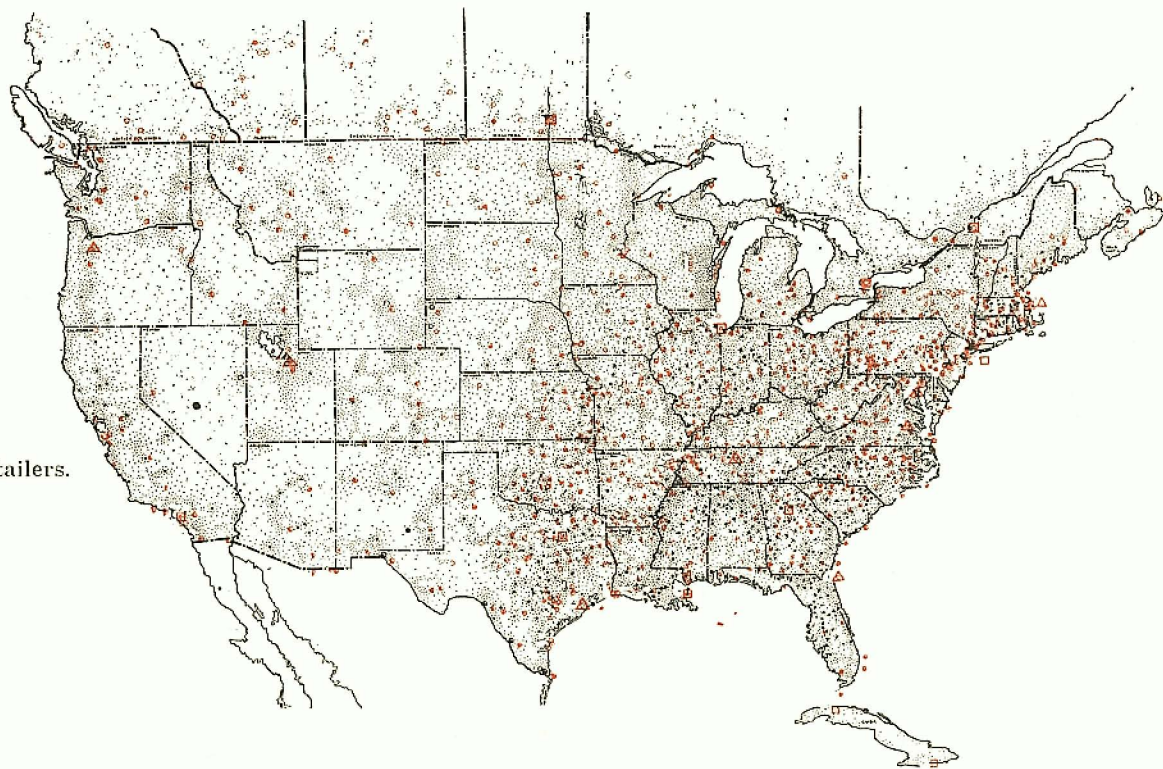
□ Thirteen syrup factories: Toronto, Montreal, Winnipeg, Vancouver, Canada; Atlanta, Baltimore, Chicago, Dallas, Los Angeles, New Orleans, New York, Havana and Santiago, Cuba.

△ 38 Warehouses:

○ 2,200 Jobbers.

● 1,250 Bottlers.

• 105,000 Fountain Retailers and
over 600,000 Bottle Retailers.



EXECUTIVE OFFICERS AND DIRECTORS

of

THE COCA-COLA COMPANY

W. C. BRADLEY.....	<i>Chairman Board Directors</i>
R. W. WOODRUFF.....	<i>President</i>
HARRISON JONES.....	<i>Executive Vice-President</i>
W. M. BROWNLEE.....	<i>Vice-President</i>
W. P. HEATH.....	<i>Vice-President</i>
HAROLD HIRSCH.....	<i>Vice-President</i>
H. R. HORSEY.....	<i>Vice-President</i>
S. F. BOYKIN.....	<i>Secretary and Treasurer</i>
W. G. LAMB.....	<i>Assistant Secretary and Assistant Treasurer</i>
J. C. WEEKLEY.....	<i>Assistant Secretary</i>
A. A. ACKLIN.....	<i>Assistant Secretary</i>

DIRECTORS

W. C. Bradley.....	Columbus, Ga.	J. H. Nunnally.....	Atlanta, Ga.
J. B. Campbell.....	Atlanta, Ga.	E. W. Stetson.....	New York, N. Y.
Chas. H. Candler.....	Atlanta, Ga.	C. A. Wickersham.....	Atlanta, Ga.
W. C. D'Arcy.....	St. Louis, Mo.	D. A. Turner.....	Columbus, Ga.
Samuel C. Dobbs.....	Atlanta, Ga.	Walter C. White.....	Cleveland, O.
T. K. Glenn.....	Atlanta, Ga.	A. H. Wiggin.....	New York, N. Y.
Charles Hayden.....	New York, N. Y.	Ernest Woodruff.....	Atlanta, Ga.
Harold Hirsch.....	Atlanta, Ga.	R. W. Woodruff.....	Atlanta, Ga.
J. P. Ilges.....	Columbus, Ga.		

EXECUTIVE COMMITTEE

W. C. Bradley, Chairman	J. H. Nunnally
Chas. H. Candler	E. W. Stetson
W. C. D'Arcy	Ernest Woodruff
T. K. Glenn	R. W. Woodruff

GENERAL COUNSEL

Harold Hirsch, Atlanta, Ga.

ASSOCIATE GENERAL COUNSEL

John A. Sibley, Atlanta, Ga.

TRANSFER AGENTS

GUARANTY TRUST COMPANY
New York, N. Y.

TRUST COMPANY OF GEORGIA
Atlanta, Ga.

REGISTRARS

CHASE NATIONAL BANK
New York, N. Y.

THE ATLANTA AND LOWRY NATIONAL BANK
Atlanta, Ga.

THE COCA-COLA COMPANY

GENERAL OFFICES
ATLANTA, GEORGIA

UNITED STATES

SALES AND BRANCH OFFICES

OF THE COCA-COLA COMPANY AND ITS SUBSIDIARIES

Atlanta	Dallas	Milwaukee	Oklahoma City
Baltimore	Denver	Memphis	Omaha
Birmingham	Hartford	Newark	Philadelphia
Boston	Jacksonville	New Haven	Portland, Ore.
Charlotte	Kansas City	New Orleans	San Francisco
Chicago	Los Angeles	New York	Springfield
Cleveland	Louisville	Oakland	

WAREHOUSES

Amarillo	Salisbury, N. C.	Miami	San Antonio
Beaumont	Fort Smith	Minneapolis	Savannah
Birmingham	Greensboro	Nashville	Shreveport
Boston	Houston	Oklahoma City	Tampa
Charleston, W. Va.	Huntington, W. Va.	Philadelphia	Tulsa
Charlotte, N. C.	Jacksonville	Pittsburgh	Washington
Chattanooga	Kansas City	Portland, Ore.	West Palm Beach
Denver	Knoxville	Richmond	Wichita, Kans.
El Paso	Little Rock	Roanoke	Wilmington, N. C.
Memphis		Salt Lake City	

Foreign Department Office—111 Broadway, New York City

CANADA

THE COCA-COLA COMPANY OF CANADA, LTD.

Head Office—Toronto

SALES OFFICES AND BOTTLING PLANTS

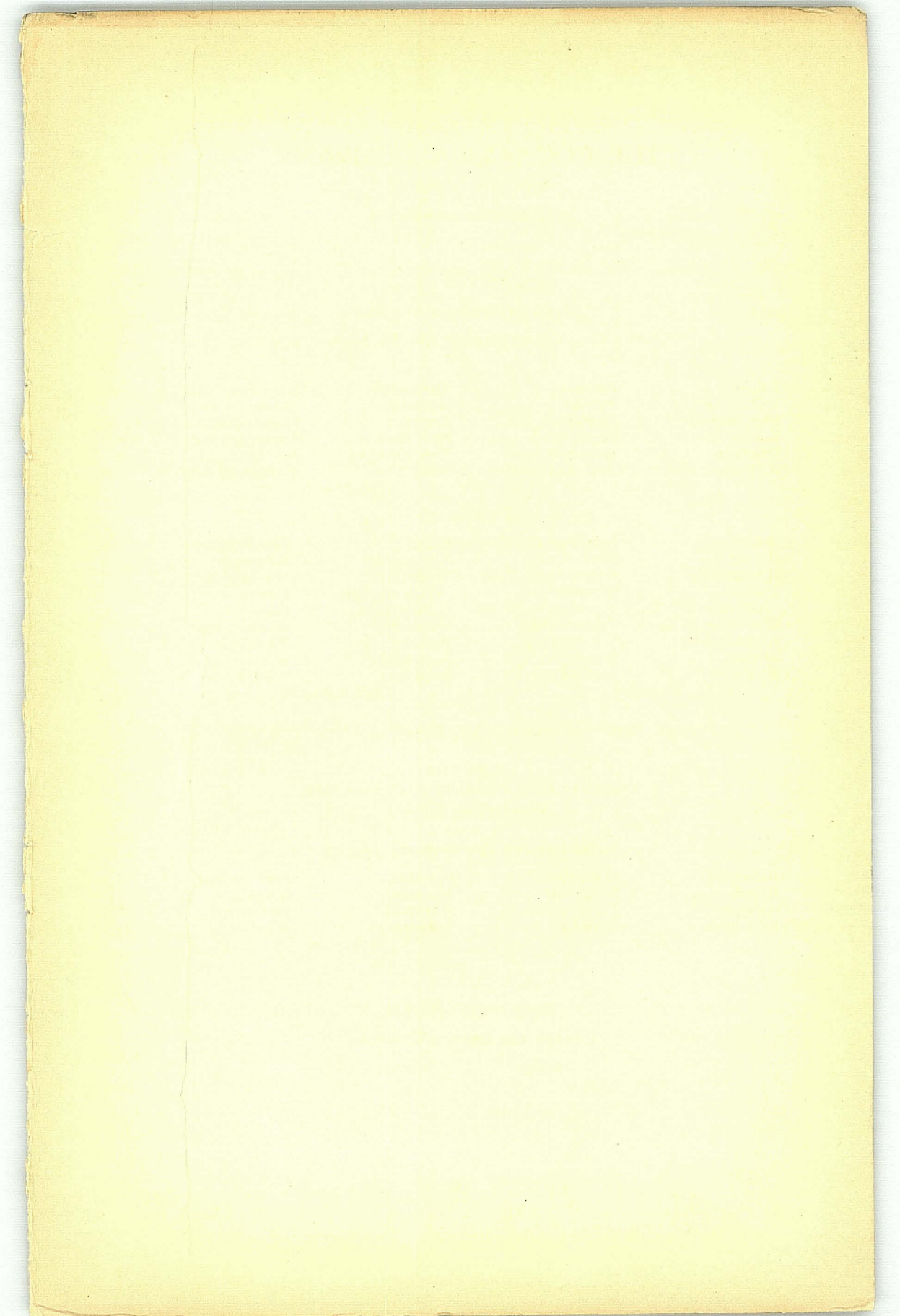
Belleville	Hamilton	Peterboro	Port Arthur
Brandon	Kingston	Winnipeg	Quebec
Calgary	London	Montreal	Vancouver
Edmonton	Ottawa	Toronto	Windsor
Regina		Saskatoon	

CUBA

Head Office—Havana

SALES AND BRANCH OFFICES

Havana Santiago



THE HISTORY OF THE
CITY OF BOSTON



1800
24.00
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